

Amendment No. 1 to SB0990

Watson  
Signature of Sponsor

**AMEND Senate Bill No. 990**

**House Bill No. 884\***

by deleting the language after the enacting clause and substituting the following:

SECTION 1. Tennessee Code Annotated, Section 8-35-206(i), is amended by deleting the subsection and substituting instead:

(i)

(1) A local government employer participating under this part that desires to establish a benefit improvement authorized under chapters 34-37 of this title shall pay the estimated increased pension liability created by the improvement; provided, however, that, in accordance with § 8-37-505, the failure to pay the liability may result in the withholding of the liability amount, in whole or in part, from any state-shared taxes that are otherwise apportioned to the local government. The retirement system or the retirement system's actuary shall determine the estimated increase to the pension liability and to the associated contribution rate for the employer. The employer shall not establish a benefit improvement unless the employer's funded status in the retirement system will be seventy percent (70%) or more after implementation of the benefit improvement. For the purposes of this subdivision (i)(1), the employer's funded status is measured by the percentage funding of the employer's market value of assets divided by the actuarially accrued liability in accordance with rules, standards, guidelines, and interpretations established by the governmental accounting standards board. After the participating employer's approval of the benefit

improvement by adoption of a resolution, the employer shall pay the estimated increased pension liability through one (1) of the following methods:

(A) A lump sum;

(B) An increase in the employer's contribution rate over the course of the fiscal year (July 1-June 30) following the adoption of the resolution by the employer; or

(C) Amortizing the unfunded accrued liability over a period of time not to exceed ten (10) years from the date of the adoption of the resolution by the employer.

(2) For benefit improvements funded pursuant to subdivisions (i)(1)(A) and (i)(1)(B), a former or current employee of the employer is not entitled to the benefit improvement until the estimated increased pension liability has been totally funded by the employer.

(3) In the event the liability is amortized in accordance with subdivision (i)(1)(C), the benefit improvement must be available at the commencement of the amortization period.

(4) For the purposes of this section, "benefit improvement" does not include the supplemental bridge benefit established pursuant to § 8-36-211 for members who are subject to mandatory retirement pursuant to § 8-36-205.

SECTION 2. Tennessee Code Annotated, Title 8, Chapter 35, Part 1, is amended by adding the following as a new section:

(a) The state shall pay the estimated increased pension liability resulting from a benefit improvement affecting general employees or employees at institutions of higher education participating in the retirement system by amortizing the unfunded accrued liability over a period of time not to exceed ten (10) years from the date that the benefit improvement is established.

(b) For the purposes of this section, "benefit improvement" does not include the supplemental bridge benefit established pursuant to § 8-36-211 for members who are subject to mandatory retirement pursuant to § 8-36-205.

SECTION 3. This act takes effect July 1, 2023, the public welfare requiring it, and applies to all benefit improvements adopted on or after July 1, 2023.